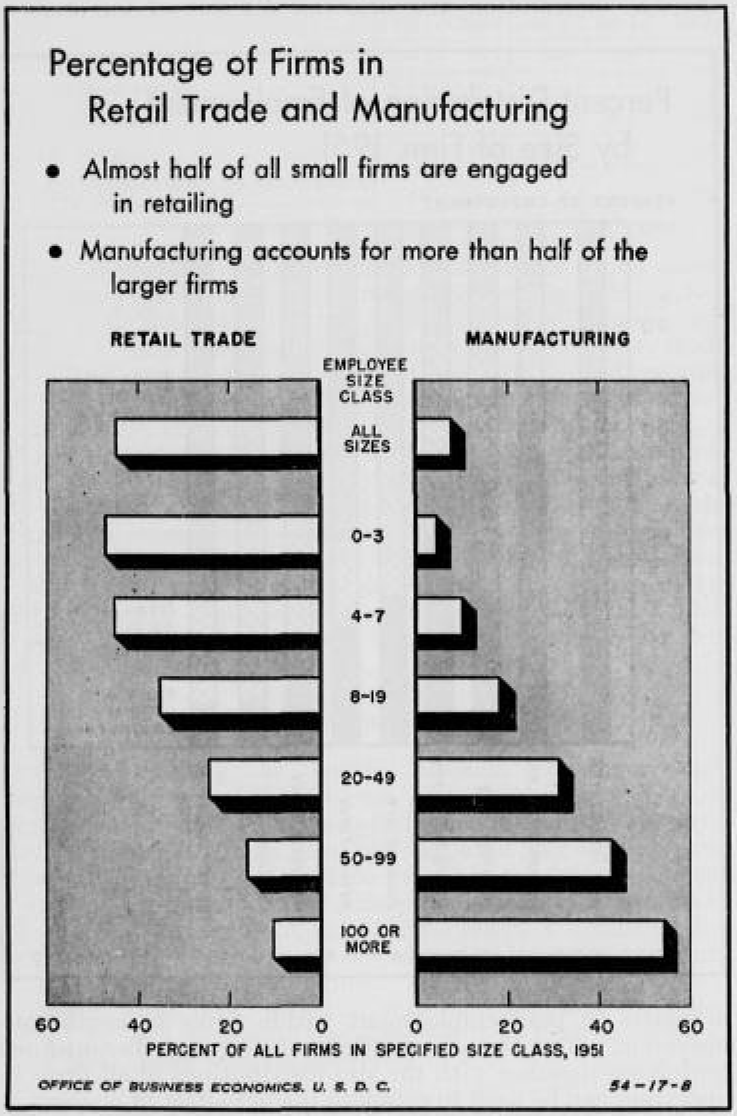
by Betty C. Churchill ☆

Size Characteristics of the Business Population

THE number of business concerns in the United States has increased about 1 million, or one-third, since the end of World War II. Private employment during this period has risen by about 5 million persons. Data presented in this article make possible an analysis of the effects of these substantial changes on the structure and size distribution of business firms in the postwar period.



The new information provides detailed size distributions of the business population and employment. It reveals that all size groups of firms, except the very largest, shared in the increase in numbers of firms and in aggregate employment over the period from 1945 to 1951. The current numbers of operating firms and total employment are close to those of 1951. Some 55 percent of the 1945–51 overall increase in employment was in firms with less than 20 employees, the group which experienced the greatest contraction during the war. This group accounts for roughly 95 percent of all firms and about one-fourth of all paid employment.

The number of concerns with over 10,000 employees was about the same (240) in early 1945 and in 1951, although this group contracted relatively the most in both number and employment during the 1946 reconversion. Aggregate employment in these companies in 1951 was about 4 percent lower than the 7.5 million persons employed during the war.

In postwar years of employment growth, increases in aggregate employment among firms with less than four employees was due entirely to the establishment of new firms, since the rising number of employees per firm tended to shift many firms in this group to higher employee-size groups. Due both to the changes in the average number of employees per firm and to the entry of new firms into the business population, aggregate employment among such small firms rose slightly from early 1948 to early 1949, although total paid employment fell by over 1 million.

In 1951, three-fourths of the firms in business had fewer than four paid employees (roughly two-fifths of all firms had no paid employees at all), and less than one-tenth of one percent employed 1,000 or more. The 3,200 firms with 1,000 or more employees accounted for roughly two-fifths of all paid employment.

About 5 percent of the business population, or 200,000 firms, had 20 or more paid employees and accounted for three-fourths of all paid employment. The top 2 percent of the firms accounted for more than two-thirds of all employment, and the top 1 percent of the firms furnished three-fifths of the jobs.

As can be seen in table 1, the distribution of firms and employment by employee size of firm has been quite stable in the postwar period. This stability suggests that the current size distribution of the business population is not much different from that found for 1951, the latest year for which data are available by size of firm.

Source of data

The present study has been made within the framework of the business population statistics regularly prepared by the Office of Business Economics.[1] These series relate to all private nonfarm enterprises, except professional services. The size distributions of firms and of employment are based primarily on tabulations of firms with employees prepared by the Bureau of Old-Age and Survivors Insurance of the Department of Health, Education, and Welfare. The industry and size classifications are based on the primary activity of, and number of paid employees in, the firm as a whole. The technical notes at the close of this article present further information on sources of data and estimating procedures.

Estimates for the 1945–51 period of number of firms in operation and of employment are shown by employee-size classes and the greatest industry detail in table 7. Data are not available for 1950. New businesses are shown by industry division and size of firm, 1944–52, in table 6.

NOTE.—MISS CHURCHILL IS A MEMBER OF THE BUSINESS STRUCTURE DIVISION, OFFICE OF BUSINESS ECONOMICS.

1. See "Recent Business Population Movements" in the January 1954 SURVEY.

Major industry differences

In all major divisions, firms with less than four employees constitute an important share of all operating businesses, as is shown in table 2. Even in manufacturing more than two-fifths of the firms fall in this size class, while this proportion amounts to about four-fifths in retail trade, the services, and the finance, insurance, and real estate group.

The industry distributions shown in the lower section of table 2 indicate that retail trade dominates in number among firms with less than 20 employees, and that manufacturing concerns are most numerous among firms above this size. The contrast between these two major industries with respect to their shares of all firms within size classes is charted on page 15. Mining and transportation also account for a greater proportion of the larger employee-size classes than of the smaller size groups, while the opposite is true for construction and services. Wholesale trade, on the other hand, attains its greatest relative importance among firms in the size classes with 4–99 employees.

The industry distribution of employment differs appreciably from that of firms in the open-end largest size class and also in the smallest size class, where differences in the proportion of firms with no paid employees have an important effect.

Firms with 1,000 or more employees represent less than 1 percent of all firms in each industry division. The importance of these larger firms is indicated by the proportion of all employment which they provide. In the transportation and public utility division, nearly 70 percent of all paid employees are in firms with 1,000 or more employees; the corresponding proportion in manufacturing is one-half. Firms this large account for more than 10 percent of all paid employment in all major industries except contract construction and services.

The employee-size classes used in the accompanying chart divide aggregate employment roughly into thirds. Except in the retail trade and transportation divisions where the proportion is considerably smaller, the broad-size class between 50 and 999 employees includes roughly one-third of all paid employment in each major industry. Finance most closely approaches the all-industries pattern, although this division includes a somewhat higher than average proportion of employment in the largest size class. In wholesale and retail trade, contract construction and the service industries, firms with less than 50 employees have the largest share of all paid employment.

Employment as a measure of size

Present data do not permit supplementing paid employment with estimates of the number of proprietors [2] and unpaid family workers to yield estimates of the total number of people involved in the operation of these business concerns. In small firms, proprietors and unpaid family workers may furnish all or an important share of the labor required.

The nature of the source material used for preparing these statistics makes it necessary to define firms on an unconsolidated rather than a consolidated basis. Each corporation and each corporate subsidiary is separately counted and classified by size. Thus, the splitting up of a single corporation eliminates a larger firm and introduces a number of smaller ones, while mergers or consolidations have an opposite effect. Transactions of either kind have their largest effect upon the distributions of employment by size and industry. Even total employment for an industry remains the same only if each subsidiary operates in the same industry as the combined concern.

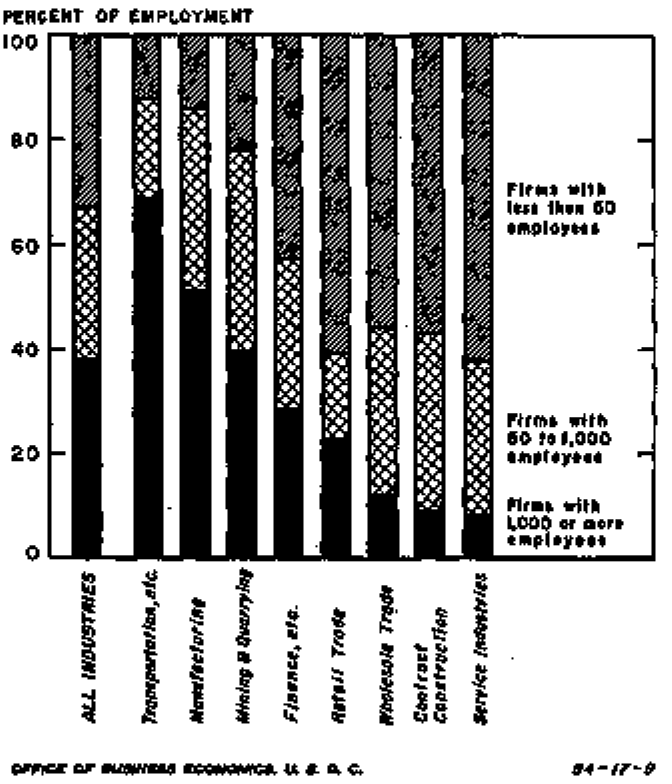
2. It should be noted that the U. S. Department of Commerce series on "active proprietors" includes all "own account" workers, while in the business population series individuals working on their own account are not included as firms unless they have either at least 1 paid employee or an established place of business.

The number of paid employees is a useful and convenient measure of a firm's size, though it is by no means the only one. Total assets, fixed investment, sales and income, are other common indicators of size, and for some purposes these financial variables may be of more interest than the number of paid employees. Although the number of employees does tend to be related to other measures of company size, this is not necessarily so, and a firm may be "larger" or "smaller" with respect to employment than with respect to some other measure.

Shifts in size of firm

The total number of firms in operation changes from one year to another only by the net difference between the number of new and discontinued businesses, but changes in the size distribution also arise as a result of increases or

Percent Distribution of Employment by Size of Firm, 1951



decreases in paid employment within firms in continuous operation. The size distributions of new and discontinued businesses together with the size distributions of all firms in operation can be used to estimate the net effect of changes in employment on shifts in size. This is demonstrated below for the 2-year period, first quarter 1949 to first quarter 1951.

In this 2-year interval, the number of firms with three employees or less increased by roughly 40,000. The excess of new firms over discontinuances in this size group amounted to somewhat more than 70,000. Thus, approximately 30,000 firms which had three or less employees at the start of 1949 had apparently taken on enough new help to be reclassified in larger size brackets at the beginning of 1951.

The net influence of employment changes on firms in the 4–7-size class was apparently negligible. However, for the two larger groups, increases in employment constituted the sole reason for the greater numbers of firms in these brackets at the beginning of 1951, since the number of discontinuances in these groups slightly exceeded new firm formation.

The employment used to measure the size of new and discontinued firms is not necessarily as of the exact date the firms entered—or left—the business population. In about 85 percent of the cases, size is measured within 6 months of establishment or discontinuance. Some discontinued businesses, of course, shift down in size prior to going out of business.

[Thousands]

	Employee-size classes				
	All sizes	0-3	4-7	8-19	20 or more
Firms in operation:					
1949	3,984.2	2,903.9	493.2	300.4	186.7
1951	4,067.3	2,945.0	511.2	311.8	202.3
Net change	83.1	41.1	18.0	11.4	15.6
Business turnover 1949-50:					
New businesses	679.3	585.1	64.7	22.0	7.5
Discontinuances	596.2	511.6	50.0	24.7	9.8
Net change	83.1	73.6	14.7	−2.7	−2.3
Net change from shifts in size, 1st quarter 1949 to 1st quarter 1951	0	−32.4	.3	14.1	17.9

The net changes in number of operating firms which arose solely from shifts in size of firm are shown in table 3 by 2-year time intervals for the period January 1, 1945, to January 1, 1951. It should be kept in mind, however, that in all three periods the net effect of new-firm formation was the predominant factor in the changing numbers of firms in the smaller size categories.

Examination of table 3 shows that during the two periods of expansion in economic activity and in employment, there was a generally upward shift in the number of firms in each size group except the smallest. The latter group was reduced by about 125,000 firms in the 1945–47 period, and over 30,000 firms during the 1949–51 recovery. Between early 1947 and early 1949, however, the reverse was true. The 0–3 employee group increased over 20,000 firms at the net expense of all other size groups.

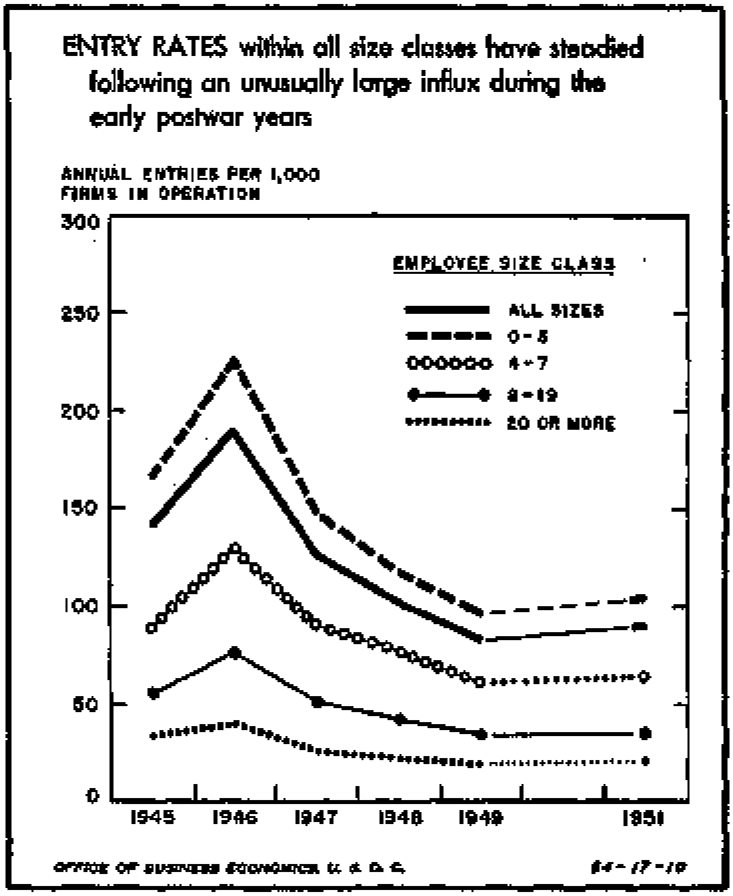
Distribution by Size

Students of "big" or "small" business sometimes omit precise definitions of these terms, and definitions which are given differ widely. When size is defined in terms of employment, the cutoff for large firms has ranged in past studies from 50 to 10,000 employees. Since "size" is a relative concept and size distributions vary widely by industry, it has been the practice for each investigator to select a definition he considers suited to the needs of the particular study at hand. A "large" filling station obviously has fewer employees than a "small" steel mill, and the same employment criterion cannot be used to isolate the large firms in both industries.

Without going into this problem of size, and without any attempt to define "large" business, it is useful in a study which crosses industry lines to compare the proportion of each industry's total employment accounted for by a selected top percentage of firms. The number of employees in the smallest firm in the selected top percentage group affords a further means of comparison of the larger firms within each industry.

The proportion of employment in the largest 5 and 1 percent of firms from the 1951 distributions of firms and of employment are shown in table 5 for major industry groups and for detailed manufacturing industries. This table also shows the estimated employment of the smallest firms within both top groups.

In the business population as a whole, the smallest firms (in employee size) among the top groups in 1951 had about 20 employees at the 5-percent level and about 100 employees at the 1-percent level. The ranking of the major industry divisions with respect to these criteria was the same at both levels. In manufacturing, the smallest of the top groups had around 200 employees at the 5-percent break and some 650 at the 1-percent break—greater numbers of employees than are found in the smallest of the larger firms in any other major industrial category. At the other end of the scale, the smallest of the top 1 percent of the firms in retail trade had only about 40 employees. The smallest of the top 5 percent of the firms in retail trade, services, and the finance division each had about 15 employees.



Estimates of the number of employees in the smallest of the top firms for the years 1945–49 reveal that the ranking of the major industries in this respect was nearly the same each year. As would be expected, the largest changes—both in absolute and relative terms—occurred in manufacturing. The smallest of the top 1 percent of the manufacturing firms late in World War II had about 800 employees. This measure decreased steadily during the next 4 years, and the smallest firm in the top 1 percent had roughly 550 employees in early 1949—and then increased to 650 employees in 1951.

Employment and size of firm

In 1951, the upper 1 percent of all firms provided three-fifths of all paid employment. Within the major industry divisions, the proportions in the top 1 percent of the firms ranged from four-fifths in the transportation division to one-third in wholesale trade. The year-to-year stability in the earlier postwar years found for these estimates among the industry divisions suggests that although table 5 depends solely on 1951 data, current estimates would probably be very similar, particularly when considered in relative terms.

Table 1.—Number of Firms in Operation and Paid Employment by Size of Firm, 1945–51

Employee-size classes	Firms in operation January 1						Paid employment mid-March					
	1945	1946	1947	1948	1949	1951	1945	1946	1947	1948	1949	1951
	Thousands											
All size classes	2,995.4	3,342.5	3,651.2	3,872.9	3,931.2	4,067.3	33,772	33,837	35,880	36,475	35,279	38,390
0-3	2,235.4	2,347.6	2,663.2	2,870.6	2,968.8	3,040.6	1,730	1,938	2,111	2,211	2,311	2,416
4-7	377.0	438.8	470.8	467.2	468.3	513.2	1,978	2,334	2,519	2,597	2,618	2,702
8-19	221.6	274.0	297.0	307.8	300.4	311.6	2,054	3,300	3,546	3,677	3,623	3,770
20-49	87.0	111.3	117.2	118.8	116.0	124.7	2,937	3,387	3,501	3,504	3,587	3,786
50-99	33.0	34.9	38.5	38.3	37.4	40.7	2,370	2,559	2,619	2,663	2,572	2,812
100-499	25.30	27.44	28.53	28.66	27.34	30.24	5,390	6,537	6,723	6,712	6,436	6,938
500-999	3.21	2.61	3.34	3.31	3.10	3.36	2,242	2,172	2,293	2,291	2,141	2,316
1,000-9,999	2.65	2.58	2.85	2.81	2.67	2.94	7,254	6,934	7,167	7,101	6,712	7,240
10,000 or more	.24	.23	.22	.23	.23	.24	7,481	4,366	6,314	6,618	6,169	7,311
	Cumulative percent											
0 or more	100.00	100.00	100.00	100.00	100.00	100.00	100.0	100.0	100.0	100.0	100.0	100.0
4 or more	25.37	27.61	26.51	25.72	24.73	25.26	94.9	94.2	94.1	93.9	93.6	93.7
8 or more	12.79	14.07	13.37	12.89	12.23	12.61	89.0	87.1	87.1	85.8	86.1	86.7
20 or more	5.39	5.39	6.22	4.94	4.69	4.97	81.2	77.2	77.1	76.7	75.9	76.0
50 or more	2.16	2.16	2.01	1.89	1.78	1.91	72.5	67.1	67.3	66.9	65.9	67.0
100 or more	1.05	1.03	.98	.90	.84	.91	65.5	59.5	60.9	59.0	58.6	59.7
500 or more	.20	.18	.19	.16	.15	.16	50.3	43.8	44.0	43.9	43.3	43.8
1,000 or more	.10	.09	.08	.08	.07	.08	43.6	34.6	37.7	37.6	37.3	37.9
10,000 or more	.01	.01	.01	.01	.01	.01	23.1	14.0	17.6	18.1	18.3	18.9

1. Data are not available for 1950.

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education and Welfare, Bureau of Old-Age and Survivors' Insurance.

Table 2.—Relative Distribution of the Number of Firms in Operation and Paid Employment by Industry Division and Size of Firm, 1951

	Firms in operation January 1									Paid employment mid-March								
	Employee-size classes									Employee-size classes								
	All size classes	0-3	4-7	8-19	20-49	50-99	100-499	500-999	1,000 or more	All size classes	1-3	4-7	8-19	20-49	50-99	100-499	500-999	1,000 or more
	Percent distribution within industries																	
All industries	100.0	74.7	12.6	7.7	3.1	1.0	.7	0.1	0.1	100.0	6.3	7.0	9.5	9.9	7.3	15.7	6.0	37.9
Mining and quarrying	100.0	60.4	14.9	12.9	6.8	2.6	2.4	.3	.3	100.0	2.1	3.5	7.2	9.2	7.0	22.0	8.5	39.5
Contract construction	100.0	70.2	15.9	9.3	3.5	1.0	.6	(1)	(1)	100.0	10.1	13.0	17.6	18.7	11.4	19.2	4.6	8.0
Manufacturing	100.0	47.5	16.1	17.8	12.0	5.4	5.0	.5	.6	100.0	.9	1.7	4.3	7.0	7.2	19.7	8.4	50.6
Transportation, communication, and other public utilities	100.0	77.1	9.9	7.1	3.3	1.1	1.1	.2	.2	100.0	2.0	3.3	3.8	4.4	3.6	10.1	6.2	66.7
Wholesale trade	100.0	63.0	10.4	13.0	6.2	1.4	.7	(1)	(1)	100.0	7.3	10.7	19.3	18.9	11.8	18.8	4.1	12.1
Retail trade	100.0	78.8	12.4	6.1	1.7	.4	.2	(1)	(1)	100.0	14.8	16.3	17.5	12.1	6.9	8.2	2.7	21.5
Finance, insurance, and real estate	100.0	80.8	10.4	5.7	1.8	.6	.5	(1)	.1	100.0	13.2	9.2	11.5	9.2	5.8	16.2	5.9	28.1
Service industries	100.0	82.7	9.3	5.1	1.9	.6	.3	(1)	(1)	100.0	25.8	13.6	17.1	16.8	10.6	15.6	3.6	7.8
	Percent distribution within size classes																	
All industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mining and quarrying	.9	.7	1.0	1.5	2.0	2.4	2.0	3.1	3.4	2.2	.7	1.1	1.6	2.0	2.4	3.1	3.1	2.3
Contract construction	9.3	8.7	11.3	11.8	10.6	9.7	7.9	4.8	2.5	6.3	16.1	11.5	11.2	10.6	9.8	7.2	4.8	1.4
Manufacturing	7.9	4.6	10.1	18.4	31.2	42.8	55.2	61.2	68.1	42.8	6.0	10.6	19.4	32.5	43.1	54.7	61.3	58.4
Transportation, communication, and other public utilities	4.4	4.6	3.6	4.1	4.8	5.1	6.4	9.3	14.1	10.7	3.4	3.5	4.1	4.8	5.2	6.9	9.2	10.4
Wholesale trade	6.6	5.6	8.7	11.2	11.2	9.4	6.4	3.0	2.5	6.8	6.7	8.8	11.8	11.0	9.2	6.9	3.0	1.8
Retail trade	44.6	47.3	45.5	35.5	24.4	18.0	10.5	6.6	11.1	19.4	45.4	44.8	34.6	23.7	15.8	10.1	8.7	11.5
Finance, insurance, and real estate	8.0	8.7	6.7	5.8	4.7	4.7	5.0	4.6	5.3	6.0	10.4	6.5	5.8	4.6	4.7	5.1	4.8	3.7
Service industries	18.0	20.8	13.4	12.0	11.1	9.9	7.5	4.3	3.0	6.9	17.3	13.2	12.6	11.8	9.9	7.0	4.1	1.4

1. Less than 0.05 percent.

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education and Welfare, Bureau of Old-Age and Survivors' Insurance.

The picture in the transportation and public utilities division with respect to both employment in the smallest of the top firms and the proportion of all employment in these firms is complicated by the fact that this is a heterogeneous group. It contains not only railroads, telephone, and electric power and light companies, which tend to high employment per firm, but also the much more numerous taxicab and trucking concerns, many of which have no employees at all. Similar qualifications apply to other industry divisions, although the problem is less serious. The degree of industrial detail for manufacturing industries, presented in table 5, reduces but does not eliminate the problem of heterogeneous groups.

The number of employees in the smallest of the larger concerns is quite high among all manufacturing groups, ranging at the 5-percent level from 650 for rubber manufacturers to 60 in printing and publishing. An even greater range occurs at the 1-percent level—from 14,000 employees per firm in petroleum products to 400 in printing and publishing.

Among manufacturing industries, the highest proportion of total employment in the upper groups is found in transportation equipment, where the top 5 percent of the firms furnished jobs for almost 95 percent of the total, and the top 1 percent of the firms supplied jobs for three-fourths of all employment. In the apparel group, on the other hand, one-half of the employment is in the top 5 percent of the firms, with a little less than one-fourth in the top 1 percent.

When defined in relative terms, the larger firms in all retail trade and service groups contain fewer employees than in any of the manufacturing industries. The motion-picture group, which includes the producers and distributors of motion pictures as well as the exhibitors, leads with a lower boundary for the highest 5 percent of firms at employment of 50 persons and at the 1 percent level, 300. Motor-vehicle dealers approach motion pictures with respect to the top 5 percent of the firms; however, new- and used-car dealers drop to sixth place among nonmanufacturing groups in the top 1 percent of the firms with some 90 or more employees per firm. At the other extreme, the employment for the larger barber and beauty shops is about 10 or more employees for the top 1 percent of the firms.

In general merchandise stores and grocery stores, four-fifths and three-fifths, respectively, of all paid employment is found in the top 1 percent of the firms. Only 10 percent of the employment is in the top 1 percent of the firms in the motor-vehicle group, a field where chain organizations are virtually nonexistent. In seven other retail trade and service groups the proportion falls between 10 and 20 percent—meat and seafood, filling stations, lumber, hardware, package liquor, barber and beauty shops, and automobile repair.

Entry Rates by Size of Firm

Business turnover rates—that is, the ratio of the number of new, discontinued or transferred businesses to the number of firms in operation—are useful guides in assessing industry differentials in the stability of the business population and sensitivity to changes in business activity. Past studies of the business population have found turnover rates correlated with type of activity, with geographical area, with legal form of organization, and particularly with size of firm. The tendency of entry rates to be high among small firms and low among larger firms is apparent from the chart on page 17.

As might be expected, entry rates among firms with less than four employees exceed those of any other size class in all years, and entry rates decrease as size of firm increases. Entry rates tend to change in the same direction from one year to another in all size classes. The rate of new firm formation was exceptionally high during the early postwar years, but has remained quite steady since 1948, and this trend is found in each employee-size bracket.

Table 3.—Net Changes in Number of Firms in Operation Arising From Shifts in Size of Firm, by Size of Firm and Industry Division, 1945–50

[Thousands]

Employee-size classes and two-year time periods	All industries	Mining and quarrying	Contract construction	Manufacturing	Transportation, communication, and other public utilities	Wholesale trade	Retail trade	Finance, insurance and real estate	Service industries
First quarter 1945 to first quarter 1947									
0–3	−127.3	−0.1	−24.5	3.7	−4.0	−17.3	−60.0	−6.8	−18.8
4–7	43.3	−.7	6.2	−8.5	.5	6.2	29.1	1.7	8.7
8–19	59.6	.3	11.5	2.2	8.3	7.7	24.1	3.4	7.8
20–49	16.0	.2	4.7	.9	.1	3.3	5.4	.1	1.8
50 or more	8.7	.2	2.2	1.5	.1	1.3	1.9	.0	.8
First quarter 1947 to first quarter 1949									
0–3	22.8	2.3	2.8	7.0	1.1	−.8	.1	1.2	8.7
4–7	−17.3	−1.5	−3.9	−3.7	−.5	.1	−.3	−1.0	−6.4
8–19	−1.8	−.0	.4	−.7	−.4	.9	−.1	−.2	−1.2
20–49	−1.5	−.1	.2	−.8	−.1	−.3	.2	(1)	−.6
50 or more	−1.9	−.1	.4	−1.5	(1)	(1)	(1)	(1)	−.5
First quarter 1949 to first quarter 1951									
0–3	−32.3	.4	−3.6	−4.4	−.5	−3.5	−12.3	−3.3	4.9
4–7	.3	−.8	−.6	−4.3	−.3	1.9	0.1	1.7	−3.3
8–19	14.1	(1)	5.2	1.3	.4	3.0	3.6	1.0	−1.4
20–49	10.8	.1	2.7	3.2	.4	2.1	1.7	.8	−.2
50 or more	7.7	(1)	1.4	4.2	.3	.0	.7	.3	−.1

1. Less than 50 firms.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 4.—Relative Entry Rates by Industry and Size of Firm, 1951 [1]

Industry	All size classes	Employee—Size classes				
		0–3	4–7	8–19	20–49	50 or more
All industries	100	117	71	33	19	15
Mining and quarrying	129	194	231	122	65	16
Contract construction	185	219	164	70	55	59
Manufacturing	108	167	133	68	30	10
Food and kindred products	48	79	39	17	19	10
Textile mill products	67	169	130	61	29	10
Apparel and other finished textile products	98	133	174	84	54	25
Leather and leather products	66	93	80	69	38	11
Lumber and timber basic products	274	387	315	140	41	12
Furniture and finished lumber products	78	125	76	34	24	5
Paper and allied products	63	201	80	79	20	4
Printing and publishing	44	69	24	11	8	1
Chemicals and allied products	71	116	49	25	11	1
Products of petroleum and coal	97	224	117	97	37	(3)
Stone, clay, and glass products	67	116	55	31	17	1
Primary metal industries	80	226	113	56	13	3
Fabricated metals	80	173	91	40	18	3
Machinery except electrical	129	228	163	48	21	4
Electrical machinery	152	320	187	90	35	8
Transportation equipment	110	100	184	80	48	20
Professional, scientific, and controlling instruments	72	113	87	20	2	4
Rubber products	89	100	234	82	13	(3)
Miscellaneous [2]	83	125	76	33	22	4
Transportation, communication, and other public utilities	103	164	79	29	27	13
Wholesale trade	94	131	45	31	12	7
Retail trade	87	100	49	25	20	13
General merchandise	43	49	24	12	16	3
Grocery, with and without meats	47	61	17	25	48	27
Meat and seafood	60	71	37	24	21	(3)
Other food	85	99	49	20	8	(3)
Motor vehicles	145	315	83	16	6	6
Filling stations	112	121	40	22	18	(3)
Automotive parts and accessories	75	89	26	19	3	(3)
Apparel	83	104	36	21	11	10
Shoes	87	102	62	26	10	10
Lumber and building materials	64	124	29	9	4	3
Hardware and farm implements	47	73	16	6	1	8
Home furnishings	118	166	36	11	9	2
Eating and drinking places	111	120	71	49	49	48
Drugs	38	50	17	16	17	(3)
Liquor	51	55	9	4	(3)	(3)
Miscellaneous retail	55	66	28	15	7	3
Finance, insurance, and real estate	73	83	40	21	17	10
Service industries	87	92	56	46	34	28
Hotels and other lodging places	109	130	81	38	32	15
Laundry, cleaning, and garment repair	71	91	31	17	7	3
Barber and beauty shops	60	72	21	22	31	20
Other personal services	67	73	22	18	3	20
Business services	103	119	94	31	22	25
Automobile repair	82	88	98	46	34	45
Miscellaneous repair	90	100	97	47	17	31
Motion pictures	75	102	87	49	42	55
Other amusements	138	128	202	125	100	130

1. Ratio of new businesses in 1951 to firms in operation January 1. All industries—all size classes=100.
2. Includes tobacco manufactures.
3. Less than 0.5.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 5.—Estimated Employment Per Firm in Large Firms, by Industry, 1951

Industry	In upper 5 percent of firms: Lower limit of class (employees per firm)	In upper 5 percent of firms: Percent of total employment	In upper 1 percent of firms: Lower limit of class (employees per firm)	In upper 1 percent of firms: Percent of total employment	Firms with 500 or more employees: Percent of firms	Firms with 500 or more employees: Percent of employment
All industries	20	76.9	100	60.4	.16	43.9
Mining and quarrying	60	70.3	460	52.0	.57	46.1
Contract construction	20	58.2	90	34.6	.06	13.2
Manufacturing	200	78.8	950	64.2	1.21	59.0
Food and kindred products	100	72.8	500	52.0	.83	51.7
Textile mill products	900	91.1	6,500	26.3	6.37	62.9
Apparel and other finished textile products	200	46.3	450	23.0	.51	21.4
Leather and leather products	400	63.1	800	35.8	1.04	42.1
Lumber and timber basic products	80	49.9	250	30.4	.24	19.7
Furniture and finished lumber products	180	60.1	500	28.5	.80	27.2
Paper and allied products	600	81.0	6,000	25.4	4.41	60.0
Printing and publishing	90	69.8	400	42.9	.60	37.0
Chemicals and allied products	160	83.5	900	67.4	1.43	73.2
Products of petroleum and coal	600	93.4	14,000	64.3	4.54	88.6
Stone, clay, and glass products	100	74.1	650	52.0	1.23	56.1
Primary metal industries	400	91.5	7,500	55.6	4.85	81.4
Fabricated metals	250	81.3	750	42.0	1.34	47.6
Machinery, except electrical	300	73.8	1,000	55.4	1.50	63.7
Electrical machinery	300	81.9	9,000	55.3	4.96	81.9
Transportation equipment	450	92.8	8,000	73.7	4.00	92.2
Professional, scientific, and controlling instruments	250	70.4	1,000	62.3	1.04	68.5
Rubber products	650	90.6	6,000	68.1	5.80	83.1
Miscellaneous [1]	90	60.7	400	40.9	.58	37.6
Transportation, communication, and other public utilities	30	90.0	300	70.3	.42	72.0
Wholesale trade	35	54.0	90	33.8	.06	10.1
Retail trade	15	59.5	40	42.5	.04	25.2
Finance, insurance, and real estate	15	70.3	60	44.2	.10	33.9
Service industries	16	61.0	50	38.6	.03	11.4

1. Includes tobacco manufactures.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 6.—Number of New Businesses by Industry Division and Size of Firm, 1944–52

[Thousands]

Industry division and employee-size class	1944	1945	1946	1947	1948	1949	1950	1951	1952
All industries	220.0	422.7	617.4	460.8	393.2	331.1	348.2	303.2	363.9
0-3	206.3	372.1	533.0	397.6	337.7	284.9	298.3	316.5	316.1
4-7	20.1	32.7	56.5	42.1	38.2	30.4	34.3	32.4	33.5
8-19	8.3	12.3	20.9	16.3	13.0	10.8	11.7	11.0	10.9
20 or more	4.2	5.3	7.1	4.0	4.3	3.6	3.9	4.3	4.3
Mining and quarrying	3.5	4.8	4.7	4.9	6.3	3.0	4.1	4.8	4.2
0-3	2.0	2.4	2.7	2.0	2.0	2.0	2.2	2.5	2.4
4-7	.8	.9	1.2	1.4	1.0	1.0	1.2	1.1	1.1
8-19	.5	.5	.6	.8	.8	.5	.6	.5	.5
20 or more	.2	.2	.3	.2	.2	.1	.1	.2	.3
Contract construction	29.4	55.9	96.1	73.6	65.0	54.2	64.1	63.1	60.5
0-3	24.6	47.1	78.4	60.3	53.3	44.2	58.0	51.6	57.4
4-7	2.6	6.9	12.0	9.9	8.8	7.3	8.7	8.4	3.9
8-19	.8	1.7	3.0	3.7	2.3	2.0	2.5	2.2	2.2
20 or more	.6	.6	1.1	.5	.7	.7	.9	1.0	1.0
Manufacturing	25.9	37.2	62.8	38.7	34.0	26.8	30.0	31.6	28.5
0-3	16.0	22.3	38.6	28.2	22.7	17.2	19.2	24.5	18.8
4-7	6.6	8.1	14.0	8.1	6.6	6.0	6.5	6.1	6.0
8-19	3.3	4.4	7.1	3.8	3.1	2.3	3.0	3.0	2.6
20 or more	1.9	2.4	3.1	1.6	1.3	1.2	1.3	1.4	1.4
Transportation, communication, and other public utilities	23.9	30.7	37.4	26.0	23.9	18.6	21.4	24.6	22.9
0-3	22.9	24.5	34.3	24.3	22.2	17.3	20.0	22.6	22.5
4-7	1.0	1.4	2.3	1.6	1.2	1.0	1.0	1.1	1.0
8-19	.4	.5	.7	.4	.4	.3	.3	.3	.3
20 or more	.2	.3	.3	.2	.1	.1	.1	.2	.1
Wholesale trade	24.6	30.2	46.2	29.8	24.4	21.1	21.6	22.6	22.7
0-3	22.4	26.0	40.1	26.0	21.5	18.8	19.1	19.8	19.7
4-7	1.4	2.3	3.8	2.6	2.1	1.6	1.9	1.9	2.1
8-19	.5	.7	1.1	.8	.6	.6	.5	.7	.6
20 or more	.2	.3	.3	.3	.2	.2	.1	.2	.2
Retail trade	128.1	161.4	234.1	179.5	161.2	135.5	133.0	140.0	141.4
0-3	120.7	149.2	213.3	163.4	137.3	124.1	121.0	128.4	128.9
4-7	6.1	8.7	14.8	11.6	10.2	8.4	8.4	8.9	9.4
8-19	1.7	2.7	4.9	3.6	3.9	2.5	2.6	2.4	2.7
20 or more	.5	.8	1.0	.8	.8	.5	.6	.7	.8
Finance, insurance and real estate	24.2	22.9	21.4	15.9	16.0	14.7	15.6	21.3	19.3
0-3	23.0	21.3	18.8	13.6	14.1	12.2	10.7	19.5	17.4
4-7	.8	1.3	1.8	1.4	1.3	1.1	1.3	1.3	1.3
8-19	.2	.4	.6	.5	.4	.3	.4	.4	.4
20 or more	.1	.1	.2	.2	.2	.1	.1	.1	.1
Service industries	71.4	84.5	118.0	98.3	72.9	67.6	55.5	60.0	54.3
0-3	67.2	78.5	104.7	84.6	63.2	60.3	48.6	50.5	48.3
4-7	2.7	4.1	6.7	5.4	5.6	4.9	4.4	4.0	4.1
8-19	1.0	1.3	2.4	2.7	2.6	1.8	1.9	1.6	1.6
20 or more	.5	.7	.9	.7	.7	.6	.6	.5	.5

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education, and Welfare, Bureau of Old-Age and Survivors' Insurance.

Since entry rates are affected by many factors, industry differences in entry rate could arise solely from a different combination of these factors within each industry. Size of firm has been found of primary importance. To a large extent the effect of differences in size distribution can be removed by considering industry differences in entry rates within size classes as shown in table 4. For convenience of comparison, 1951 entry rates (the number of new businesses relative to the number of firms in operation) are shown in this table in relative terms, with the overall rate for all industries set equal to 100.

It should be noted that the industry detail in the business population series is fairly broad, and in many cases a variety of activities is embraced in a single industry group. To some extent the size distribution may separate different activities within industry groups and complicate the comparison of entry rates between size classes.

During the entire postwar period the largest relative gains in number of operating businesses among the major industry divisions have occurred in contract construction, and in 1951 this division had higher entry rates than any other major industry, both on an overall basis and within each of the size classes shown.

The overall entry rate for manufacturing is not much different from that of the business population as a whole. However, the proportion of smaller firms in manufacturing is relatively low and a different picture emerges when entry rates within size classes are examined. For manufacturers with less than 20 employees, entry rates far exceed those of all industries combined—though they are considerably lower than in construction.

The lumber manufacturing group is exceptionally volatile, especially within the smaller size classes. New lumber firms accounted for more than one-third of all new manufacturing businesses in 1951. The exclusion of lumber from manufacturing modifies but does not essentially change the pattern discussed above. In this case, the overall entry rate relative for all manufacturing except lumber—76—is well below average; the relative rate indexes for each of the three lower size classes—123, 84, and 42, respectively—remain somewhat above the all-industry rates within these size classes.

The effect of differences in size distribution upon entry rates is quite pronounced within many of the manufacturing groups. In apparel the overall entry rate is slightly below the all-industry average, but within each size class the apparel rate is substantially higher than average.

Among the larger firms, those with 50 or more employees, entry rates were much higher than average in a number of the service groups, particularly in automobile repair and in motion pictures and other amusement firms. Among retail trade firms with 50 or more employees, only eating and drinking places and grocery firms had higher than average entry rates.

Table 7.—Number of Firms in Operation and Paid Employment by Industry and Size of Firm, 1945–51 [1]

[Thousands]

Number of firms in operation

Industry	All size classes	0–3	4–7	8–19	20–49	50–99	100–499	500–999	1,000 or more
	January 1, 1945								
All industries	2,995.4	2,236.4	377.0	221.5	97.0	33.0	25.30	3.21	2.90
Mining and quarrying	31.7	19.5	4.2	3.8	2.2	.9	.93	.11	.10
Contract construction	160.1	114.2	22.4	14.2	4.0	1.4	.94	.08	.05
Manufacturing	203.1	97.1	40.1	46.8	34.9	15.5	14.58	2.05	1.91
Food and kindred products	37.3	14.1	8.7	7.8	4.7	1.9	1.60	.16	.16
Textiles and textile products	38.4	10.8	4.0	8.2	8.8	3.8	3.20	.40	.26
Leather and leather products	5.4	1.4	.7	1.0	1.0	.6	.91	.09	.05
Lumber and lumber products	47.0	20.5	8.8	9.4	4.9	1.8	1.44	.12	.04
Paper and allied products	3.2	.8	.5	.6	.8	.5	.85	.08	.07
Printing and publishing	34.9	10.8	6.2	4.2	2.8	1.0	.75	.10	.06
Chemicals and allied products	10.6	3.8	1.8	1.7	1.8	.5	.70	.08	.12
Rubber products	.9	.3	.1	.1	.1	.1	.12	.05	.08
Stone, clay, and glass products	8.3	3.8	1.3	1.4	.9	.4	.48	.06	.04
Metals and metal products	48.8	14.8	6.6	9.0	7.5	4.0	4.37	.88	.90
Other manufacturing [2]	18.2	7.7	2.9	3.4	2.2	1.0	.70	.10	.10
Transportation, communication, and other public utilities	137.5	103.6	14.8	9.3	5.8	2.1	1.70	.29	.38
Wholesale trade	186.6	119.2	31.0	22.7	9.0	2.5	1.24	.12	.08
Retail trade	1,364.2	1,061.0	180.9	82.3	23.0	4.7	2.72	.29	.31
General merchandise	62.3	47.1	9.6	3.9	1.4	.6	.40	.10	.14
Food and liquor	386.9	300.0	65.1	11.1	3.4	.6	.45	.06	.06
Automotive	58.0	35.8	11.2	8.5	2.6	.4	.08	(4)	(4)
Apparel and accessories	84.7	60.6	13.8	7.4	2.6	.8	.40	.05	.03
Eating and drinking places	287.3	197.2	52.3	27.4	8.5	1.3	.52	.03	.04
Filling stations	164.4	144.5	7.8	1.6	.3	(4)	.08	(4)	(4)
Other retail trade	322.0	242.9	51.2	22.3	5.2	1.0	.54	.04	.04
Finance, insurance, and real estate	308.2	252.8	26.6	13.6	5.4	1.0	1.11	.14	.09
Service industries	487.0	405.7	54.9	28.9	11.8	4.1	2.18	.16	.08
Hotels and other lodging places	62.8	48.3	6.5	2.8	1.7	.8	.67	.06	.02
Personal services	284.4	248.5	22.7	9.6	4.4	1.7	.70	.02	.01
Business services	65.6	50.9	7.4	4.3	2.1	.7	.32	.04	.03
Automobile repair	52.1	41.5	7.3	2.0	.4	.1	.03	(4)	(4)
Miscellaneous repair	64.6	45.6	3.6	1.7	.4	.1	.04	(4)	(4)
Motion pictures	11.1	3.4	2.6	3.1	1.2	.3	.20	.03	.02
Other amusements	34.7	24.7	4.8	3.0	1.6	.6	.13	.01	(4)
	January 1, 1946								
All industries	3,242.5	2,347.5	438.8	274.9	111.3	38.9	27.44	3.09	2.76
Mining and quarrying	32.7	19.4	4.5	4.3	2.6	.9	.93	.12	.11
Contract construction	188.0	137.4	34.0	24.7	9.1	2.5	1.26	.07	.04
Manufacturing	264.0	98.6	41.9	60.9	30.4	16.5	15.17	1.87	1.04
Food and kindred products	36.9	13.7	6.7	7.8	4.7	2.0	1.66	.16	.16
Textiles and textile products	41.9	11.2	4.5	8.4	9.1	4.2	3.67	.40	.28
Leather and leather products	5.9	1.5	.7	1.2	1.1	.6	.71	.07	.03
Lumber and lumber products	47.9	10.7	9.2	10.1	6.2	2.0	1.47	.14	.05
Paper and allied products	3.4	.4	.3	.6	.9	.6	.87	.08	.07
Printing and publishing	35.8	16.5	7.0	5.4	3.0	1.0	.83	.10	.08
Chemicals and allied products	11.1	4.3	1.7	2.1	1.4	.7	.64	.09	.12
Rubber products	.9	.3	.1	.1	.1	.1	.12	.03	.04
Stone, clay, and glass products	8.8	3.1	1.5	1.9	1.1	.5	.52	.07	.05
Metals and metal products	41.7	17.9	8.8	9.7	7.0	4.0	4.39	.89	.72
Other manufacturing [2]	18.8	9.0	3.0	3.7	2.4	.9	.79	.07	.04
Transportation, communication, and other public utilities	150.6	112.0	16.4	12.3	6.4	2.0	1.77	.29	.30
Wholesale trade	208.9	126.0	36.0	28.5	11.4	3.2	1.58	.13	.08
Retail trade	1,468.4	1,110.7	200.2	102.0	27.3	5.7	2.93	.28	.31
General merchandise	64.5	48.0	8.0	4.1	1.5	.6	.66	.11	.14
Food and liquor	410.5	343.6	49.2	12.6	2.8	.7	.49	.06	.06
Automotive	63.5	32.1	13.1	13.9	4.6	.7	.15	(4)	(4)
Apparel and accessories	88.2	61.1	14.7	8.2	2.7	.9	.49	.04	.03
Eating and drinking places	343.6	206.4	69.8	33.0	8.3	1.6	.54	.03	.03
Filling stations	171.4	154.9	13.5	2.0	.4	.1	.03	(4)	(4)
Other retail trade	358.9	260.4	52.2	28.4	6.6	1.4	.69	.04	.04
Finance, insurance, and real estate	314.9	258.4	31.2	16.0	6.6	1.7	1.30	.10	.11
Service industries	613.0	402.0	65.7	36.0	13.8	4.3	2.61	.17	.09
Hotels and other lodging places	63.4	48.0	7.0	4.4	1.6	.7	.75	.06	.02
Personal services	298.8	254.7	25.2	11.2	4.9	1.9	.89	.08	.01
Business services	74.2	55.7	8.4	5.8	2.2	.8	.35	.03	.03
Automobile repair	61.7	46.0	10.8	4.3	.8	.1	.03	(4)	(4)
Miscellaneous repair	67.8	59.1	5.4	2.6	.6	.1	.04	(4)	(4)
Motion pictures	11.6	3.2	2.0	3.8	1.4	.4	.29	.02	.03
Other amusements	30.0	20.1	4.9	4.0	1.9	.4	.21	(4)	(4)

Paid employment

Industry	All size classes	0–3	4–7	8–19	20–49	50–99	100–499	500–999	1,000 or more
	Mid-March, 1945								
All industries	32,776	1,726	1,978	2,654	2,937	2,270	5,236	2,243	14,735
Mining and quarrying	707	10	24	40	68	60	200	78	302
Contract construction	1,085	108	121	170	149	98	182	53	225
Manufacturing	19,022	104	224	593	1,008	1,098	3,080	1,482	9,298
Food and kindred products	1,440	16	30	98	144	138	328	111	580
Textiles and textile products	2,241	11	20	108	255	262	663	277	628
Leather and leather products	349	3	4	14	31	40	134	37	107
Lumber and lumber products	903	33	53	123	149	120	290	83	100
Paper and allied products	433	1	2	7	26	31	159	64	188
Printing and publishing	590	19	33	62	66	68	183	63	115
Chemicals and allied products	1,095	5	10	21	52	53	156	60	738
Rubber products	289	(4)	1	2	4	5	27	23	228
Stone, clay, and glass products	385	4	7	17	27	28	90	42	167
Metals and metal products	9,829	10	37	116	240	255	934	937	8,226
Other manufacturing [2]	575	7	15	37	61	61	131	50	213
Transportation, communication, and other public utilities	3,800	62	79	113	177	142	300	202	2,904
Wholesale trade	1,603	115	104	274	270	178	280	85	240
Retail trade	5,890	783	936	955	666	319	640	194	1,480
General merchandise	1,243	28	45	40	43	35	130	69	855
Food and liquor	1,097	200	183	126	70	42	93	37	346
Automotive	323	30	60	104	73	24	14	1	15
Apparel and accessories	640	28	72	88	74	61	101	32	70
Eating and drinking places	1,346	188	274	317	246	88	83	33	123
Filling stations	163	72	38	16	10	3	5	1	19
Other retail trade	1,187	200	264	260	151	70	104	31	81
Finance, insurance, and real estate	1,432	222	147	180	100	106	224	67	377
Service industries	2,248	310	284	340	264	277	404	101	167
Hotels and other lodging places	424	34	34	46	63	42	120	43	37
Personal services	792	164	118	113	133	112	129	16	17
Business services	379	38	28	81	61	48	61	16	55
Automobile repair	132	42	37	30	12	4	6	1	(4)
Miscellaneous repair	91	26	28	20	11	61	8	9	2
Motion pictures	319	6	16	30	36	23	38	81	44
Other amusements	104	18	28	45	40	32	23	3	2
	Mid-March, 1946								
All industries	33,631	1,838	2,384	3,300	3,357	2,653	4,637	3,172	12,308
Mining and quarrying	839	17	24	50	77	64	196	81	310
Contract construction	1,509	141	200	308	278	175	236	40	121
Manufacturing	14,063	111	249	667	1,186	1,186	3,147	1,314	6,393
Food and kindred products	1,446	15	37	99	145	140	320	113	647
Textiles and textile products	2,460	13	20	114	234	255	720	376	712
Leather and leather products	429	2	4	18	35	40	164	40	122
Lumber and lumber products	1,000	24	58	137	164	130	283	92	103
Paper and allied products	453	1	2	5	27	32	120	57	208
Printing and publishing	625	20	32	67	91	68	105	69	108
Chemicals and allied products	1,017	5	10	26	44	47	134	65	684
Rubber products	297	(4)	1	2	4	0	27	24	233
Stone, clay, and glass products	471	4	11	25	37	37	115	52	180
Metals and metal products	6,300	10	41	125	241	270	947	471	3,720
Other manufacturing [2]	640	9	18	46	74	67	144	47	129
Transportation, communication, and other public utilities	3,963	76	90	151	167	138	377	208	2,751
Wholesale trade	1,567	132	186	348	341	220	206	92	242
Retail trade	6,485	877	1,198	1,203	794	398	606	200	1,456
General merchandise	1,258	20	47	60	47	36	137	81	822
Food and liquor	1,178	222	205	144	84	47	99	41	334
Automotive	509	33	75	109	135	49	24	2	20
Apparel and accessories	574	92	77	98	81	69	97	29	71
Eating and drinking places	1,488	209	331	391	240	108	94	19	95
Filling stations	243	98	60	31	11	4	4	1	25
Other retail trade	1,407	252	311	329	108	91	114	29	113
Finance, insurance, and real estate	1,614	231	164	190	105	118	256	110	365
Service industries	2,604	358	351	427	408	294	460	112	191
Hotels and other lodging places	492	34	37	64	64	52	150	62	47
Personal services	890	170	131	184	149	127	148	16	15
Business services	436	44	51	71	86	44	70	71	63
Automobile repair	197	54	38	40	21	6	6	1	(4)
Miscellaneous repair	121	41	29	28	18	0	6	2	(4)
Motion pictures	245	5	16	37	41	27	41	17	61
Other amusements	236	30	29	52	58	32	37	3	6

See footnotes at end of table.

Table 7.—Number of Firms in Operation and Paid Employment by Industry and Size of Firm, 1945–51 [1]—Continued

[Thousands]

Industry	Number of firms in operation: All size classes	Employee size classes: 0-3	4-7	8-19	20-49	50-99	100-499	500-999	1,000 or more	Paid employment: All size classes	Employee size classes: 0-3	4-7	8-19	20-49	50-99	100-499	500-999	1,000 or more
	January 1, 1948									Mid-March 1948								
All industries	3,872.9	2,576.6	407.3	367.9	188.8	53.2	28.60	3.31	3.64	38,478	3,211	2,597	4,677	5,664	3,693	5,713	2,291	13,719
Mining and quarrying	36.2	20.9	5.3	5.1	3.0	1.1	.96	.18	.10	890	17	31	80	91	77	207	69	328
Contract construction	310.8	210.8	50.2	32.7	11.3	3.3	1.82	.15	.06	2,074	108	271	390	346	227	338	101	297
Manufacturing	318.4	135.7	60.7	60.8	37.0	16.4	15.81	1.88	1.79	15,884	130	370	707	1,100	1,163	3,144	1,273	7,012
Food and kindred products	30.0	15.8	7.1	7.8	4.5	1.8	1.50	.16	.14	1,404	17	38	98	139	128	312	109	625
Textile mill products	9.2	2.1	.8	1.0	1.5	1.0	1.56	.30	.24	1,380	2	5	22	49	73	346	207	684
Apparel and other finished textile products	30.7	15.0	4.6	7.3	7.4	3.1	2.00	.14	.07	1,217	12	20	94	228	319	382	91	188
Leather and leather products	6.0	2.7	.7	1.1	.9	.5	.71	.08	.04	422	2	4	14	31	38	151	44	130
Lumber and timber basic products	46.7	31.4	10.7	10.3	4.4	1.7	1.07	.09	.04	818	24	61	131	138	110	202	62	84
Furniture and finished lumber products	12.3	5.4	1.9	2.2	1.5	.7	.92	.05	.03	348	6	10	28	48	48	124	35	54
Paper and allied products	3.7	.6	.4	.7	.8	.5	.55	.08	.08	462	1	2	8	26	34	116	53	222
Printing and publishing	36.9	21.4	7.3	5.9	3.1	1.1	.87	.10	.09	733	31	38	72	94	78	172	72	186
Chemicals and allied products	11.5	5.3	1.8	2.0	1.2	.5	.48	.08	.10	749	6	9	23	38	38	182	50	405
Products of petroleum and coal	.8	.3	.1	.2	.1	.1	.10	.01	.03	384	(4)	1	2	4	8	25	9	307
Stone, clay, and glass products	13.8	6.9	2.4	2.1	1.2	.5	.64	.09	.09	531	7	12	23	38	37	118	58	228
Primary metal industries	5.7	1.4	.7	1.0	1.0	.6	.70	.12	.14	1,290	3	4	12	32	42	152	80	970
Fabricated metals	20.7	8.8	3.0	3.6	2.0	1.2	1.21	.19	.12	1,008	8	10	44	81	87	244	134	391
Machinery except electrical	22.8	9.4	3.6	4.2	2.7	1.2	1.39	.21	.22	1,527	10	19	52	84	87	290	149	837
Electrical machinery	4.8	1.7	.6	.8	.6	.4	.45	.10	.13	1,011	2	3	10	21	26	100	66	776
Transportation equipment	5.2	2.0	.8	.9	.7	.3	.35	.06	.13	1,398	2	4	11	21	22	78	44	1,216
Professional, scientific, and controlling instruments	4.2	2.1	.5	.6	.4	.2	.22	.03	.05	274	2	3	8	12	14	48	28	158
Rubber products	1.0	.4	.1	.2	.1	.1	.14	.03	.04	298	(4)	1	3	4	5	30	23	234
Miscellaneous [2]	24.5	13.1	3.6	3.9	2.2	.8	.70	.08	.06	570	11	20	47	68	60	141	57	173
Transportation, communication, and other public utilities	174.9	122.7	18.5	13.3	5.8	2.9	1.90	.30	.40	4,115	78	97	181	177	143	300	207	2,933
Wholesale trade	264.9	163.8	41.7	37.6	12.6	3.3	1.78	.13	.07	1,985	140	218	389	377	231	324	91	290
Retail trade	1,730.6	1,263.0	227.9	170.7	39.2	6.2	3.08	.30	.34	7,097	1,041	1,166	1,298	800	417	591	208	1,571
General merchandise	70.7	55.0	8.7	4.1	1.6	.6	.66	.11	.16	1,566	42	44	48	47	38	188	74	940
Grocery, with and without meats	333.4	302.3	23.6	5.9	1.2	.3	.23	.04	.04	700	160	118	65	84	19	49	24	280
Meat and seafood	33.8	29.8	2.9	.9	.2	(4)	.01	(4)	(4)	57	23	14	10	5	3	2	(4)	(4)
Other food	80.1	61.0	11.0	6.4	1.4	.3	.28	.04	.03	403	47	67	82	42	23	53	26	92
Motor vehicles	62.6	30.2	13.4	14.3	6.3	1.3	.18	(4)	(4)	586	28	73	188	186	79	27	1	4
Filling stations	210.4	190.4	16.1	3.4	.4	.1	.03	(4)	(4)	250	122	78	37	11	4	6	1	8
Automotive parts and accessories	23.7	18.4	3.2	1.6	.4	.1	.02	(4)	(4)	80	14	18	18	10	4	4	(4)	12
Apparel	81.8	58.1	12.4	7.6	2.5	.7	.42	.04	.03	404	58	64	89	74	61	81	26	24
Shoes	16.3	11.3	2.4	1.3	.3	.1	.10	.01	.01	93	11	12	13	18	7	19	7	14
Lumber and building materials	34.1	19.8	5.5	5.6	2.0	.5	.20	.01	(4)	250	12	30	60	62	38	38	4	12
Hardware and farm implements	56.5	41.0	8.8	4.1	.6	.1	.04	(4)	(4)	172	48	58	46	17	5	7	(4)	7
Appliances and radios	38.5	30.8	5.1	2.2	.4	.1	.02	(4)	(4)	92	23	28	25	11	3	3	1	(4)
Home furnishings	47.0	33.6	7.8	4.6	1.3	.3	.11	.01	.01	217	29	41	54	38	17	21	6	10
Eating and drinking places	348.8	245.1	64.0	32.0	7.0	1.3	.46	.02	.03	1,388	237	332	370	207	87	78	12	70
Drugs	55.4	30.0	16.8	6.3	1.0	.1	.10	.02	.02	318	41	68	68	28	9	21	11	52
Liquor	29.6	27.1	1.8	.4	.1	(4)	(4)	(4)	(4)	32	18	9	4	2	1	(4)	(4)	(4)
Miscellaneous retail	238.7	187.4	23.1	19.9	2.6	.5	.33	.02	.01	862	111	118	126	78	36	43	11	33
Finance, insurance, and real estate	322.4	262.7	32.6	17.9	5.7	1.8	1.40	.17	.14	1,742	328	167	211	172	126	274	116	458
Service industries	728.0	597.0	71.0	38.2	14.0	4.2	2.43	.18	.09	2,702	406	371	478	420	289	439	108	193
Hotels and other lodging places	66.9	51.6	7.3	4.6	1.8	.7	.73	.08	.02	405	35	38	64	54	52	141	50	42
Laundry, cleaning and garment repair	87.7	60.7	12.0	8.2	4.3	1.7	.79	.01	.01	618	40	83	99	136	110	131	7	17
Barber and beauty shops	170.6	160.1	8.5	1.7	.2	(4)	.02	(4)	(4)	172	97	41	18	7	2	3	2	2
Other personal services	69.5	60.2	5.8	2.8	.4	.1	.04	(4)	(4)	117	40	30	22	11	4	8	1	(4)
Business services	96.0	72.9	11.2	7.3	2.6	.7	.40	.04	.03	480	84	58	80	78	48	73	24	78
Automobile repair	81.5	65.0	11.1	4.5	.8	.1	.04	(4)	(4)	210	56	67	51	22	7	7	1	(4)
Miscellaneous repair	91.6	82.0	6.3	2.7	.5	.1	.04	(4)	(4)	133	38	33	30	16	5	8	1	4
Motion pictures	12.7	4.1	2.9	3.6	1.4	.4	.30	.03	.08	260	9	16	45	42	27	38	18	66
Other amusements	43.5	30.3	6.8	4.9	1.0	.4	.18	(4)	(4)	247	24	36	65	60	28	33	2	(4)
	January 1, 1949									Mid-March 1949								
All industries	3,961.2	2,596.5	438.2	380.4	186.6	57.4	27.34	3.10	2.50	36,379	2,311	2,615	3,632	5,507	2,572	5,426	2,141	13,181
Mining and quarrying	37.5	23.0	6.2	4.7	2.5	1.0	.91	.13	.11	807	18	38	60	77	68	190	89	338
Contract construction	338.0	244.3	40.3	29.6	10.5	3.2	1.77	.12	.06	1,968	216	264	355	317	219	323	81	194
Manufacturing	322.5	143.5	62.1	60.8	36.6	16.0	14.38	1.81	1.64	14,060	143	294	715	1,142	1,111	2,830	1,251	7,378
Food and kindred products	40.3	18.0	7.7	8.4	4.6	1.8	1.55	.14	.16	1,405	13	41	105	139	128	314	99	628
Textile mill products	9.3	2.3	1.0	1.7	1.6	1.0	1.42	.25	.21	1,243	2	5	32	48	68	308	178	611
Apparel and other finished textile products	39.6	14.5	4.6	7.4	7.5	3.2	2.00	.12	.06	1,214	12	26	99	240	224	370	91	162
Leather and leather products	5.7	2.7	.8	1.1	.9	.5	.69	.06	.04	406	2	4	14	27	38	149	48	132
Lumber and timber basic products	51.8	26.0	10.3	9.3	4.1	1.4	.94	.07	.04	731	27	60	117	125	95	177	48	81
Furniture and finished lumber products	13.0	8.2	1.8	2.2	1.4	.6	.60	.06	.02	311	6	10	28	48	43	109	31	40
Paper and allied products	3.8	.8	.4	.7	.8	.4	.54	.07	.08	448	1	2	10	27	31	111	50	216
Printing and publishing	40.8	22.1	7.4	6.0	3.1	1.1	.87	.11	.09	743	22	40	73	98	78	171	76	188
Chemicals and allied products	11.5	5.7	1.8	1.9	1.3	.5	.48	.08	.09	725	5	8	24	40	37	97	68	454
Products of petroleum and coal	1.0	.3	.1	.2	.1	.1	.10	.02	.03	271	(4)	1	2	4	5	23	10	234
Stone, clay, and glass products	13.6	6.7	2.4	2.1	1.2	.5	.52	.08	.06	565	7	13	26	38	30	112	64	219
Primary metal industries	5.7	1.7	.7	1.1	.9	.5	.60	.12	.13	1,210	2	4	12	29	30	181	81	929
Fabricated metals	21.5	9.8	3.4	3.9	2.6	1.3	1.06	.16	.18	923	10	19	48	83	88	238	107	332
Machinery except electrical	23.5	10.2	3.8	4.2	2.5	1.3	1.37	.20	.20	1,422	10	21	52	79	81	209	137	773
Electrical machinery	4.9	1.6	.6	.8	.7	.4	.44	.08	.11	888	2	3	11	21	28	97	40	681
Transportation equipment	5.4	2.3	.8	.9	.6	.3	.32	.06	.12	1,378	2	4	11	19	22	70	43	1,209
Professional, scientific, and controlling instruments	4.3	2.1	.6	.7	.4	.2	.21	.03	.04	237	2	3	9	12	14	45	20	134
Rubber products	1.1	.4	.1	.2	.1	.1	.13	.03	.04	274	(4)	1	2	4	5	39	20	209
Miscellaneous [2]	24.6	13.4	3.7	3.7	2.2	.8	.56	.07	.05	538	12	20	40	68	58	129	50	165

Table 7.—Number of Firms in Operation and Paid Employment by Industry and Size of Firm, 1945–51[1]—Continued

[Thousands]

Industry	Number of firms in operation: All size classes	Employee size classes: 0–3	4–7	8–19	20–49	50–99	100–499	500–999	1,000 or more	Paid employment: All size classes	Employee size classes: 0–3	4–7	8–19	20–49	50–99	100–499	500–999	1,000 or more
	January 1, 1949									Mid-March, 1949								
Transportation, communication, and other public utilities	180.1	139.2	18.1	12.0	5.7	2.0	1.60	.30	.42	3,898	81	90	140	172	139	382	207	2,769
Wholesale trade	200.1	158.1	42.5	32.2	12.1	3.3	1.71	.13	.08	2,058	160	224	301	300	224	317	89	291
Retail trade	1,782.7	1,406.0	220.9	108.8	29.2	6.1	3.04	.29	.33	7,111	1,050	1,188	1,377	863	411	590	205	1,547
General merchandise	72.0	56.8	6.8	4.0	1.5	.5	.04	.10	.15	1,394	42	44	47	45	33	133	73	970
Grocery, with and without meats	398.9	368.3	23.1	5.7	1.3	.3	.24	.04	.05	705	105	115	95	37	78	60	25	201
Meat and seafood	33.0	29.7	2.8	.9	.2	(4)	.01	(4)	(4)	68	28	14	10	5	2	2	1	(4)
Other food	82.4	65.0	10.4	5.0	1.5	.3	.28	.03	.03	400	48	65	63	40	22	64	23	102
Motor vehicles	66.4	28.4	15.0	16.0	6.0	1.4	.22	(4)	(4)	631	28	74	190	208	90	31	3	3
Filling stations	210.8	190.0	17.0	3.3	.4	.1	.03	(4)	(4)	260	131	84	37	12	4	6	1	5
Automotive parts and accessories	24.4	10.3	8.1	1.6	.3	(4)	.03	(4)	(4)	61	15	10	19	9	3	6	1	13
Apparel	85.0	61.3	12.0	7.5	2.5	.7	.42	.04	.02	481	58	95	80	74	45	81	26	23
Shoes	16.5	12.3	3.6	1.2	.4	.1	.06	.01	.01	92	12	13	14	11	6	17	0	11
Lumber and building materials	25.2	11.8	6.9	5.0	1.0	.5	.18	.01	(4)	239	14	33	61	50	32	34	4	7
Hardware and farm implements	60.0	44.4	10.4	4.4	.6	.1	.04	(4)	(4)	170	30	64	40	16	6	7	(4)	6
Appliances and radios	40.1	32.8	5.1	2.2	.4	(4)	.02	(4)	(4)	107	24	30	26	13	3	3	4	13
Home furnishings	40.5	34.5	8.4	4.7	1.2	.3	.11	.01	.01	237	21	44	60	39	18	22	7	24
Eating and drinking places	302.0	237.9	65.6	30.8	6.9	1.2	.44	.02	.03	1,370	242	340	349	200	84	74	14	67
Drugs	53.6	30.2	16.2	6.1	1.0	.1	.10	.02	.02	307	43	85	88	27	10	21	12	41
Liquor	30.5	28.5	1.9	.4	.1	(4)	(4)	(4)	(4)	33	17	9	4	2	(4)	(4)	(4)	(4)
Miscellaneous retail	225.0	189.7	22.7	10.2	2.4	.5	.21	.01	.01	620	118	117	117	68	31	40	10	38
Finance, insurance and real estate	328.0	266.0	32.1	17.4	5.6	1.8	1.40	.10	.10	1,774	233	166	209	108	122	377	111	467
Service industries	738.0	609.7	70.0	38.4	12.9	4.1	2.30	.18	.10	2,080	474	368	401	428	279	418	107	201
Hotels and other lodging places	67.5	42.7	7.9	4.9	1.8	.7	.09	.06	.05	467	35	28	51	55	61	137	61	30
Laundry, cleaning and garment repair	90.8	62.6	12.3	8.3	4.2	1.0	.71	.03	.01	603	61	65	101	132	111	116	10	16
Barber and beauty shops	177.4	167.4	8.1	1.6	.3	(4)	.02	(4)	(4)	171	90	40	17	7	3	3	2	2
Other personal services	70.7	62.0	5.8	1.0	.4	.1	.06	(4)	(4)	110	41	20	21	11	5	10	(4)	(4)
Business services	100.2	77.0	11.2	7.4	2.6	.7	.30	.03	.08	405	57	60	90	78	46	72	22	74
Automobile repair	81.0	66.1	10.4	4.2	.7	.1	.04	(4)	(4)	100	54	58	48	20	6	7	1	(4)
Miscellaneous repair	68.3	59.6	5.1	2.0	.6	.1	.02	(4)	(4)	110	34	26	25	13	4	3	1	10
Motion pictures	13.1	4.2	3.1	3.7	1.5	.4	.20	.03	.03	264	0	17	47	44	20	37	18	60
Other amusements	46.0	34.6	6.6	5.1	2.0	.4	.18	(4)	(4)	204	27	30	45	61	29	32	3	(4)
	January 1, 1951									Mid-March, 1951								
All industries	4,067.3	3,446.0	513.2	301.6	124.7	40.7	30.34	3.38	3.15	44,290	2,416	2,702	4,708	3,786	2,812	6,038	2,316	14,351
Mining and quarrying	37.0	22.4	5.3	4.8	2.5	1.0	.79	.11	.11	844	18	28	61	78	65	188	73	333
Contract construction	377.3	264.0	57.4	35.3	13.2	3.9	2.40	.16	.08	2,407	244	310	423	401	276	437	111	205
Manufacturing	322.5	137.2	61.9	57.3	38.9	17.4	16.16	2.06	1.85	16,620	144	267	731	1,318	1,211	3,305	1,420	8,223
Food and kindred products	40.2	18.6	7.4	8.0	4.6	1.8	1.57	.18	.16	1,831	19	40	100	142	124	310	174	603
Textile mill products	9.3	2.1	.9	1.7	1.6	1.0	1.40	.28	.22	1,304	2	5	22	53	74	326	198	625
Apparel and other finished textile products	38.0	14.9	4.4	7.2	7.4	3.9	2.22	.16	.08	1,284	12	25	96	235	225	470	100	170
Leather and leather products	6.2	2.3	.7	1.0	.9	.5	.72	.07	.04	420	2	4	19	28	38	157	44	128
Lumber and timber basic products	50.9	22.0	11.8	9.6	4.6	1.7	1.13	.08	.04	320	29	65	124	138	114	212	67	90
Furniture and finished lumber products	12.7	6.7	1.8	2.1	1.6	.7	.68	.06	.03	377	6	10	27	40	50	135	50	64
Paper and allied products	3.9	.7	.4	.7	.9	.5	.60	.09	.09	514	1	2	9	27	38	129	49	258
Printing and publishing	42.0	22.7	7.7	6.2	3.2	1.1	.92	.12	.09	793	22	41	76	97	37	182	53	215
Chemicals and allied products	12.0	5.6	1.7	2.1	1.4	.6	.48	.09	.10	631	6	9	20	43	40	90	40	548
Products of petroleum and coal	1.0	.3	.2	.2	.3	.1	.11	.03	.03	322	(4)	1	3	5	6	23	14	271
Stone, clay, and glass products	13.3	6.2	2.3	2.1	1.4	.6	.59	.06	.07	574	7	12	27	43	43	121	63	269
Primary metal industries	6.4	1.2	.6	1.0	1.0	.6	.69	.13	.14	1,329	3	4	13	32	43	162	88	990
Fabricated metals	22.6	8.6	3.4	4.3	3.1	1.5	1.38	.17	.13	1,084	9	19	55	97	106	281	115	401
Machinery except electrical	24.3	9.2	3.9	4.7	3.1	1.3	1.45	.20	.24	1,632	11	23	60	98	92	310	140	898
Electrical machinery	6.1	1.7	.6	.8	.7	.4	.47	.13	.12	1,046	2	3	11	23	30	120	69	780
Transportation equipment	6.1	2.2	.7	.7	.6	.3	.38	.07	.13	1,791	2	4	10	20	21	82	62	1,572
Professional, scientific, and controlling instruments	4.3	2.1	.8	.7	.4	.2	.23	.03	.04	284	2	3	9	14	16	60	19	182
Rubber products	1.3	.8	.1	.2	.2	.1	.16	.03	.04	292	(4)	1	3	6	6	34	24	227
Miscellaneous[5]	24.3	12.6	3.8	3.9	2.3	1.0	.80	.08	.06	404	11	10	45	73	69	167	56	172
Transportation, communication, and other public utilities	180.7	139.2	17.0	12.8	6.0	2.1	1.05	.31	.46	4,119	83	85	156	182	140	414	213	2,829
Wholesale trade	268.0	169.3	44.6	34.0	13.0	3.6	1.65	.13	.08	2,212	101	237	420	417	209	405	90	207
Retail trade	1,820.6	1,430.0	232.4	110.7	30.4	6.6	3.19	.29	.36	7,430	1,007	1,211	1,300	696	444	610	203	1,009
General merchandise	74.2	57.8	6.9	4.4	1.7	.6	.01	.10	.10	1,385	45	46	53	61	41	133	69	940
Grocery, with and without meats	340.2	306.2	23.6	9.2	1.5	.4	.30	.03	.06	684	107	118	72	43	25	68	24	324
Meat and seafood	34.1	30.3	2.7	.8	.2	(4)	.01	(4)	(4)	57	24	12	10	5	2	2	1	(4)
Other food	84.2	66.6	11.2	5.3	1.5	.4	.25	.03	.03	408	54	58	63	44	24	40	31	94
Motor vehicles	62.5	26.6	12.8	15.4	6.9	1.5	.28	(4)	(4)	630	25	79	194	281	102	41	1	2
Filling stations	221.9	197.3	19.8	4.2	.6	.1	.04	(4)	(4)	320	135	99	48	15	7	8	1	5
Automotive parts and accessories	30.1	20.7	8.4	3.5	.4	.1	.02	(4)	(4)	88	17	18	18	11	4	5	2	14
Apparel	89.0	63.7	13.4	8.0	2.7	.7	.44	.03	.09	522	94	78	86	80	49	88	23	37
Shoes	17.5	12.9	2.4	1.2	.4	.1	.10	.01	.01	102	13	13	16	10	7	30	5	19
Lumber and building materials	27.8	12.2	7.2	6.9	1.8	.5	.16	(4)	(4)	240	17	38	71	54	30	33	3	3
Hardware and farm implements	63.2	47.3	10.7	4.5	.7	.1	.04	(4)	(4)	187	41	60	61	19	7	8	(4)	6
Home furnishings	53.5	37.6	9.3	5.3	1.3	.3	.11	.01	.01	243	34	48	62	39	20	20	7	13
Eating and drinking places	354.8	254.7	61.1	28.0	6.7	1.2	.47	.03	.03	1,303	248	321	333	206	83	80	18	77
Drugs	54.2	30.2	10.5	6.1	1.6	.1	.10	.02	.02	310	44	80	69	28	9	22	12	48
Liquor	34.0	30.9	2.5	.5	.1	(4)	(4)	(4)	(4)	42	21	12	5	2	1	(4)	(4)	(4)
Miscellaneous retail[6]	273.3	228.9	28.0	12.9	3.0	.5	.24	.02	.01	672	140	144	140	67	35	44	15	67
Finance, insurance, and real estate	320.0	264.5	34.3	16.5	5.0	1.9	1.31	.16	.17	1,910	251	170	219	175	133	309	111	530
Service industries	733.0	606.5	68.5	37.6	12.9	4.0	2.30	.14	.10	2,049	419	358	453	418	278	422	90	207
Hotels and other lodging places	60.9	43.3	7.2	4.1	1.8	.7	.68	.07	.09	454	40	39	50	64	60	130	48	38
Laundry, cleaning and garment repair	97.2	64.4	12.3	7.0	4.2	1.6	.69	.01	.01	600	62	65	90	128	109	116	7	17
Barber and beauty shops	174.5	165.5	8.0	1.6	.3	.1	.02	(4)	(4)	179	97	30	16	8	4	4	1	2
Other personal services	71.5	63.5	5.9	1.9	.4	.1	.04	(4)	(4)	118	48	30	22	11	5	8	(4)	(4)

Table 7.—Number of Firms in Operation and Paid Employment by Industry and Size of Firm, 1945–51[1]—Continued

[Thousands]

Industry	Number of firms in operation									Paid employment								
	All size classes	Employee size classes								All size classes	Employee size classes							
		0–3	4–7	8–19	20–49	50–99	100–499	500–999	1,000 or more		0–3	4–7	8–19	20–49	50–99	100–499	500–999	1,000 or more
	January 1, 1951									Mid-March, 1951								
Service industries—Continued																		
Business services	99.7	75.7	10.4	8.8	2.4	.7	.41	.08	.03	493	67	66	82	72	46	70	20	61
Automobile repair	77.7	65.3	8.1	3.3	.7	.1	.03	(5)	(5)	174	88	42	39	21	7	5	1	(6)
Miscellaneous repair	84.0	76.4	5.0	2.0	.5	.1	.04	(5)	.01	128	34	28	24	14	8	7	1	16
Motion pictures	14.5	4.9	2.4	4.0	1.4	.3	.20	.02	.08	247	7	10	58	42	24	37	14	66
Other amusements	51.8	36.5	7.8	5.7	2.2	.4	.17	.01	(5)	273	31	43	71	60	26	31	3	(6)

1. Additional industry detail for 1950 and data for 1947 are available upon request. Estimates are not available for 1950.
2. Includes tobacco manufactures.
3. Includes appliances and radios.
4. Less than 50 firms.
5. Less than 5 firms.
6. Less than 500 employees.

Source: U. S. Department of Commerce, Office of Business Economics estimates, based primarily on data from the U. S. Department of Health, Education, and Welfare, Bureau of Old-Age and Survivors Insurance.

Technical Notes

The sources of data and methods employed in preparing business population estimates were described in the technical notes to the article, Recent Business Population Movements, which appeared in the January 1954 Survey. The distributions of the number of firms in operation and of employment by employee-size classes were prepared within this framework, primarily from Bureau of Old-Age and Survivors Insurance information supplemented by data from the Interstate Commerce Commission and the Railroad Retirement Board for interstate railroads and related employers not covered by the Social Security Act. Railroad and related employment represent annual averages; BOASI employment is as of the payroll period ending nearest March 15.

BOASI furnished tabulations of employers and mid-March paid employment by employee-size classes, by detailed industry, and by State or territory. These tabulations covered the estimated total number of employers in operation at any time during the first calendar quarters of the years 1945–49 and 1951. The BOASI tabulations were combined with the supplementary data and further adjusted to: (1) exclude employers coming into operation during the first quarter to yield estimates as of January 1; (2) include estimates of the number of firms in operation with no paid employees; and (3) exclude employers covered by BOASI but not in the scope of the business population, such as employers operating only outside the limits of the continental United States or in the fields of agriculture or the professional services.

The size distributions presented here show the number of firms in operation January 1, while employment is essentially as of mid-March. This difference in timing does not appreciably affect any of the comparisons.

Firms are classified by industry according to the major activity of the firm as a whole. For a firm engaged in more than one line of business but which consists of a single establishment, the major activity is determined on the basis of gross receipts or sales. The major activity of each establishment of a multiunit firm is determined in the same way, but in combining these establishments, employment is the factor used to determine the major activity of the firm as a whole. The size classification of a multiunit firm is, of course, according to the firm's total employment.

In 1949, multiestablishment firms which were also in operation in 1948 were given the industry classification determined for the previous year. In all other years, multiunit firms were classified by industry on the basis of current-year information. In some cases this procedure may have resulted in firms crossing industry lines from one year to the next. Although glaring inconsistencies are not apparent, this factor should be kept in mind when examining the data for the upper size classes by detailed industry.

The industry breakdown of employment presented here differs considerably from one based on the industrial classification of "establishments" rather than "firms." Estimates of paid employment by major industry division on an establishment basis were prepared from "1951 County Business Patterns," published jointly by the U. S. Department of Commerce and the U. S. Department of Health, Education, and Welfare. County Business Patterns relies upon the same basic data as business population statistics, but classifications are based upon "reporting units" rather than "firms." Reporting units, especially with respect to industry totals for paid employment, are essentially the same as "establishments." In order to achieve comparability between the two employment estimates, it was necessary to adjust the County Business Patterns data for late tax returns and for a small number of reporting units for which the industry classification was unknown.

A change from a firm to an establishment classification in 1951 would result in a net change in the major industry classification of an estimated 700,000 employees, or about 2 percent of all paid employment. The effect would be particularly important in wholesale trade, where a change to an establishment classification would increase employment by roughly one-fourth. In mining and quarrying, employment would increase 8 percent, and in manufacturing and the service industries, employment would decrease about 4 percent. In all other major industry divisions of the business population, a change from a firm to an establishment classification would change total employment less than 1 percent.

International Investment Position of the United States

(Continued from p. 14)

of Payments Division on short-term foreign assets of United States Government agencies.

Foreign direct investments in the United States—based on the Treasury Census, TFR 300, *Census of Foreign-Owned Assets in the United States*, for 1941, carried forward on the basis of data on capital flows and earnings supplied on quarterly questionnaires by the larger companies, plus data collected from tax returns and public sources.

Foreign investments in United States corporate stocks and bonds—based on a complete tabulation from withholding tax statements filed with the Bureau of Internal Revenue giving 1950 holdings for bonds and 1949 holdings for stocks. No attempt was made to allow for omissions due to incomplete filing, noninterest paying bonds, or nondividend paying stocks—it is believed after study that the omission of these holdings does not materially affect the total. A total of $250 million was included in corporate stocks each year to allow for holdings of United States citizens resident abroad, as given in the Treasury Census. Also included in the total are foreign holdings of about $100 million of state and municipal bonds, based on the Treasury Census, which are not subject to withholding.

Other long-term investments in the United States—based on the Treasury Census, TFR 300, adjusted to allow for debts and claims no longer existing. Changes from year to year are based largely on data reported to the Treasury Department monthly or quarterly by banks and commercial concerns.

Short-term dollar assets owned abroad—same as United States short-term assets abroad, plus an allowance for omissions based on the Treasury Census TFR-300, currency shipments reported by banks, and minor additions based on unpublished data.

United States Government long-term securities owned abroad—based on the Treasury Census, TFR-300, carried forward from 1941 to 1949 on the basis of an estimated breakdown of data reported monthly to the Treasury. For 1950–53 the data reported to the Treasury on transactions in United States Government bonds were adjusted to eliminate certain apparent discrepancies.

Table 6.—Factors Affecting the Value of United States Long-Term Private Investments Abroad, 1947–53

[Millions of dollars; reductions (−)]

Item	1947	1948	1949	1950	1951	1952	1953
Direct investments, beginning of year	7,227	8,366	9,625	10,700	11,788	13,089	14,819
Net capital outflows from United States	749	721	660	621	529	850	667
Undistributed subsidiary profits	300	562	425	475	752	876	601
Other factors	-------	−24	−10	−8	22	4	-------
Direct investments, end of year	8,366	9,625	10,700	11,788	13,089	14,819	16,207
Foreign dollar bonds, beginning of year	1,424	1,549	1,658	1,728	1,692	2,071	2,244
New issues	206	150	115	284	401	237	270
Retirements	−295	−62	−103	−304	−113	−60	−82
Price fluctuations and adjustments	−92	7	55	11	1	−48	−75
Foreign dollar bonds, end of year	1,403	1,658	1,728	1,692	2,071	2,244	2,377
Other foreign securities and miscellaneous, beginning of year	3,612	3,517	3,444	3,209	4,008	4,135	4,027
Net purchases of securities	−137	7	−42	322	−26	−133	−274
Other capital outflows and loans	85	−25	107	230	84	126	−315
Price fluctuations and adjustments	57	−55	−300	257	68	−101	−91
Other foreign securities and miscellaneous, end of year	3,517	3,444	3,209	4,008	4,135	4,027	3,347

Source: U. S. Department of Commerce, Office of Business Economics.

Table 7.—Factors Affecting the Value of Foreign Long-Term Investments in the United States, 1947–53

[Millions of dollars; reductions (−)]

Item	1947	1948	1949	1950	1951	1952	1953
Direct investments, beginning of year	2,509	2,609	2,787	2,941	3,138	3,330	3,519
Net capital flow to United States	10	34	64	64	66	107	128
Undistributed subsidiary profits	90	150	100	133	126	82	99
Direct investments, end of year	2,609	2,787	2,941	3,138	3,330	3,519	3,746
Corporate, state and municipal securities, beginning of year	2,919	2,673	2,443	2,667	3,100	3,639	3,932
Net capital flow to United States	−170	−197	18	3	134	38	58
Price fluctuations and adjustments	−76	−33	206	430	399	255	−81
Corporate, state and municipal securities, end of year	2,673	2,443	2,667	3,100	3,639	3,932	3,909
Other private obligations, beginning of year	1,463	1,444	1,530	1,514	1,500	1,481	1,476
Net capital flow from United States	−19	−16	−12	−14	−19	−5	−1
Other private obligations, end of year	1,444	1,528	1,514	1,500	1,481	1,476	1,477

Source: U. S. Department of Commerce, Office of Business Economics.